(Rs. in crores)

	Maharashtra State Cooperative Bank (MSCB)	Maharashtra State Land Development Bank (MSLDB)
(i) Claims lodged by the banks . . .	377.564	111 382
(ii) Claims considered for sanction as per the policy guidelines	358.686	105 8134
(iii) Amount sanctioned by NABARD		
Grant	179.343	52.9067
Loan	179.343	52.9067
TOTAL:	358.686	105.8134

Reserve Bank of India (RBI) and (NABARD) have reported that with the sanction of the above amount to the MSCE and MSLDB, the claims of the cooperative banks in Maharashtra under the ARDR Scheme 1990 have been settled in full. No further amount is due to be paid to Government of Maharashtra either as direct payment or as loan, under the Scheme. The claim that Cooperative Banks have incurred loss by way of interest owing to delay of Central Government in releasing funds is not well founded as it is mainly based on the application of interest to doubtful and chronic overdues.

Investments by Financial Institutions in the Companies of Defaulters

6021. SHRI O. P. KOHLI: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the news-item which appeared in the 'Hindustan Times' dated 25th April, 1995 under the caption "Defaulters take banks for a multi-crores ride."

(b) if so, whether in spite of the RBI directive, banks and financial institutions are reported to have advanced and/or invested an estimated additional Rs. 45,000 crore to groups and companies managed and controlled by the defaulters; and

(c) if so, the names of the banks and the financial institutions which have contravened the RBI directive and the action proposed to be taken against them for this financial irregularity?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) Yes, Sir.

(b) Reserve Bank of India (RBI) have intimated that they have not issued any instructions to banks/financial institutions prohibiting the sanction of loans to companies controlled by defaulting groups. However, while circulating the list of persons associated with companies/firms, whose outstanding to banks/financial institutions exceed Rs. 1 crore and above and whose accounts have been classified by banks/financial institutions as doubtful, loss or suitfiled RBI has instructed the banks/financial institutions that they may make use of the information while considering, on merits, the requested for new or additional credit limits by the defaulting borrowing units and also proprietors/partners/directors etc. named in the list either in their own names or in the names of other units with which they are associated.

(c) Does not arise.